



OP HRD Risk-sharing Micro-Finance facility in Bulgaria in the 2014-2020 programming period

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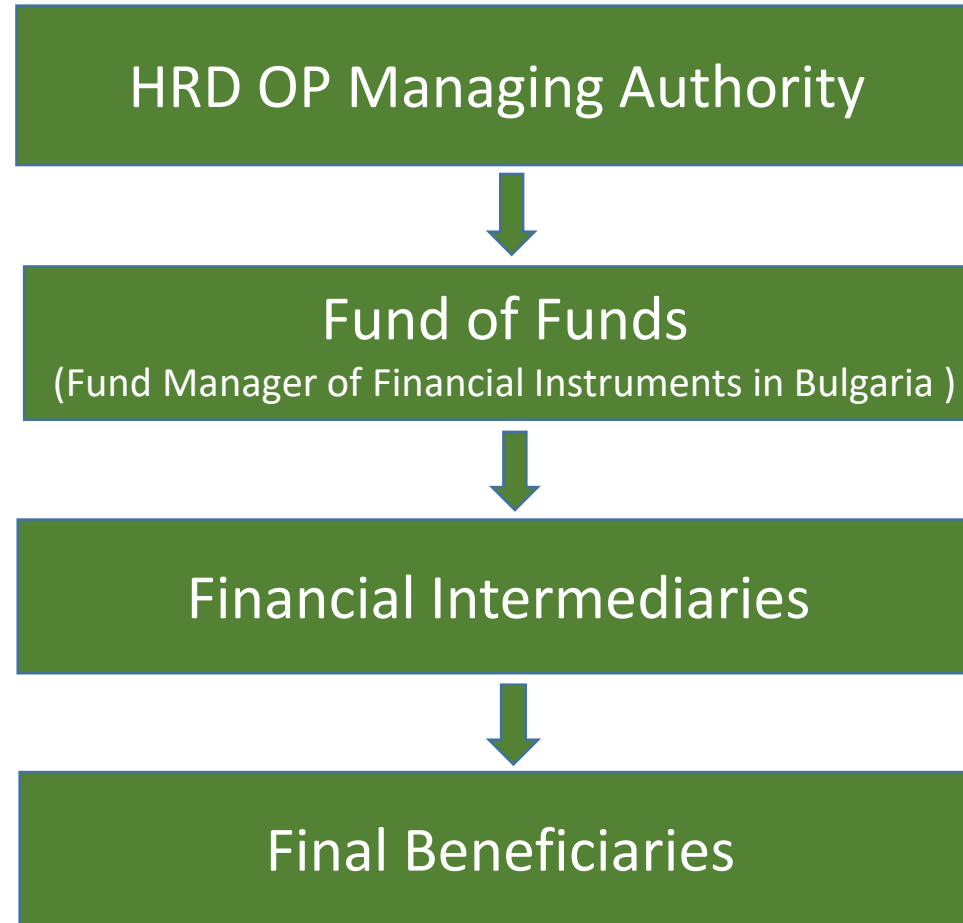
Overall view of the implementation of ESF FIs in Bulgaria



- Human Resources Development OP - the only ESF OP applying FIs
- Both ESF and YEI funding committed for FIs
 - Total - **€ 36 M** in the Financial Agreement signed:
 - € 6,4 M YEI funding under TO 8
 - € 12 M ESF funding under TO 9
 - € 17,6 M ESF funding under TO 8
- FIs under TO 8 - to support self-employment and start-up microenterprises (youth, self-employment)
- FIs under TO 9 - to boost new jobs in the social economy (social enterprises)
- Two concrete FIs planned:
 - Risk-sharing Microfinance Facility
 - Guarantees for Micro-credits



Management mode



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Ex-ante assessment proposals



To challenge potential financial intermediaries for risk-taking (OP target groups widely considered non-bankable)

Risk-sharing schemes

To facilitate loan provision by banks and MFIs to “less stable” new businesses for their stabilization

Guarantee mechanisms

To create new jobs through self-employment and foster relations b/n new companies and MFI

Financing for new businesses

To support new start-ups and micro-businesses with limited or no collateral

Involve micro-guarantee funds

To facilitated access and utilization of financial resources by entities not served by commercial banks

Access to financing for social enterprises



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Investment strategy guidelines in the Ex-ante assessment



- Considers the following target groups for funding:
 - ✓ People in need of financing - to create a business, to get into training or to find a job;
 - ✓ Micro-enterprises - to support business activities, incl. when facing temporary difficulties, to secure staff training, to expand
 - ✓ Training centers – for working capital
 - ✓ Social enterprises – for working capital and investments
- Use risk-sharing instruments to stimulate bank sector opening to new clients (“non-bankable”)
- Design specific FIs to facilitate microfinancing and to strengthen MFIs on the market
- Secure financing and support structuring of social economy enterprises
- Ensure coordination of FIs and grants
- Support initiatives to provide mentoring and upgrade of management and entrepreneurial skills



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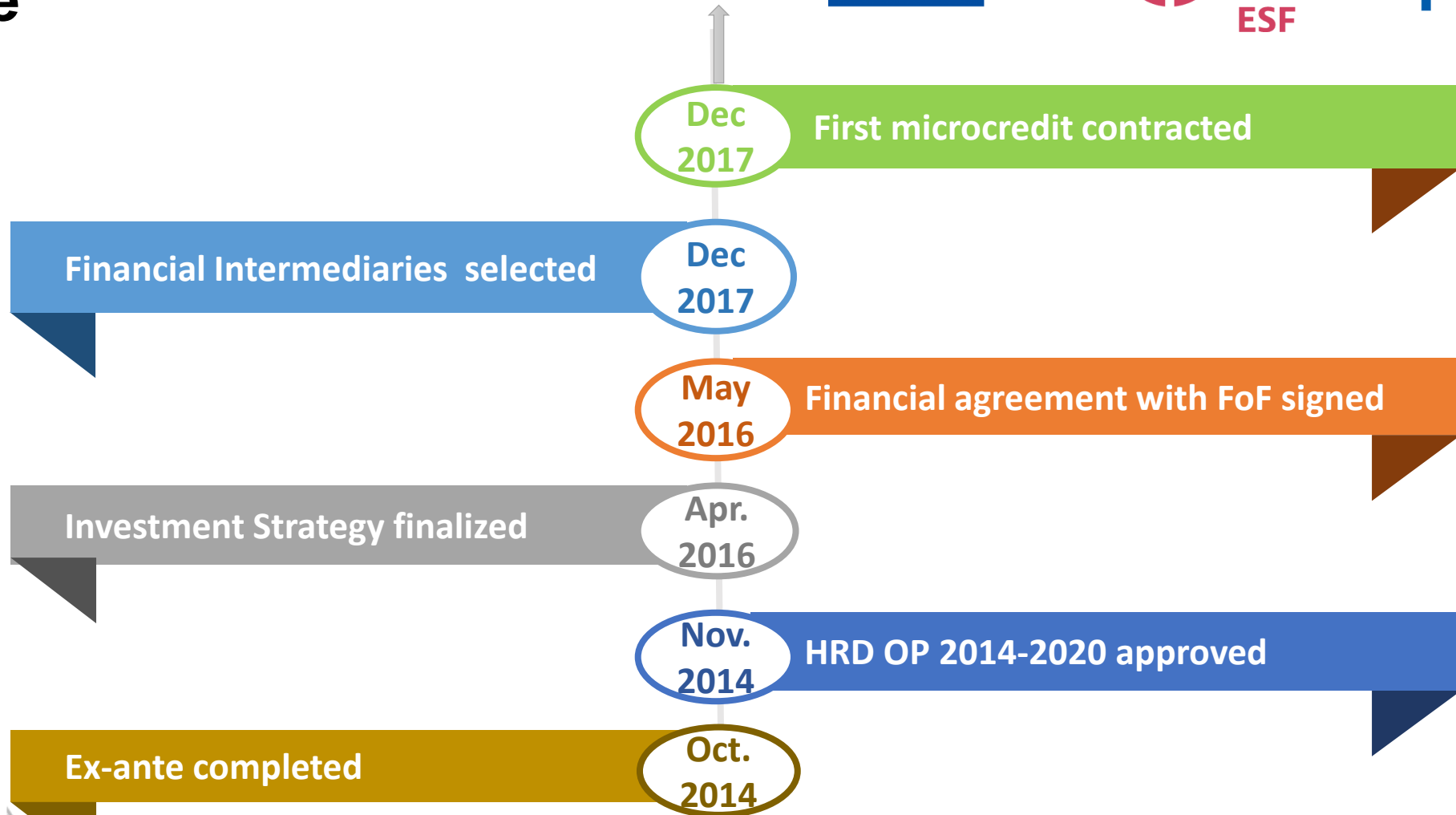
Investment Strategy designed



- Two financial instruments:
 - ❖ Risk-sharing microcredit (up to € 25 000) – € 27 M ESF and YEI;
 - ❖ Microcredit guarantee (capped, up to 80% for microcredits up to € 25 000) - € 8,8 M ESF
- Use of FoF management structure;
- Final recipients of FI funding:
 - ❖ Start-up enterprises and self-employed - up to 2 years; have not yet distributed profit; not listed on the stock ex-change; not mergers; started by HRD OP target groups:
 - Unemployed; Youth under 30; People with disabilities; Employees seeking to start own business
 - ❖ Social enterprises (new and expanding) - providing new jobs and social inclusion
- Financial intermediaries - MFIs, commercial banks, leasing companies
- Combination of FI support with grant schemes support - coordinated implementation



Design of FI under HRD OP - timeline



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Entrepreneurial Support through HRD OP 2014-2020



Pre-support: Training and counselling

Defining business ideas,
Training in entrepreneurial
and management skills,
Business plan preparation,
etc.

Consultancy on available financing

Information on possible
financial resources available
for the business; support
with documentation



Access to HRD OP FIs

Financial instruments under
HRD OP made available to
registered enterprises

After-support

Mentoring of new
businesses, enhancement
of managerial skills,
networking support, etc.
(under development)



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financial instruments revolving capacity building
 added value **ERDF** funding agreement **ESF** EU guidance
 governance ex-ante assessment
 technical support seminars leverage financial intermediaries microfinance
 co-financing **ESIF** case studies
 investments **fi-compass** final recipients
 business plan **Thank you** thematic objectives
 advisory services guarantees banks loans **EaSI** equity
 private investors life cycle combination of support
EAFRD conferences factsheets
 fund of funds **EMFF** investment strategy **CF**
 managing authorities manuals